

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2003**

	October-03				September-03				Current Fiscal YTD	Prior Year FY03	3 Years Ended 6/30/2003	5 Years Ended 6/30/2003
	Market Value	Allocation		Month	Market Value	Allocation		Quarter	Net ROR	Net ROR	Net	Net
		Actual	Policy	Net ROR		Actual	Policy	Net ROR				
<b>LARGE CAP DOMESTIC EQUITY</b>												
<b>Structured Growth</b>												
LA Capital	54,550,204	4.5%	4.5%	5.17%	51,838,717	4.4%	4.5%	N/A	N/A	N/A	N/A	N/A
AllianceBernstein	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	-1.48%	-20.46%	-5.64%
<b>Total Structured Growth</b>	<b>54,550,204</b>	<b>4.5%</b>	<b>4.5%</b>	<b>5.17%</b>	<b>51,838,717</b>	<b>4.4%</b>	<b>4.5%</b>	<b>6.61%</b>	<b>12.13%</b>	<b>-1.48%</b>	<b>-20.46%</b>	<b>-5.64%</b>
Russell 1000 Growth				5.62%				3.92%	9.75%	2.93%	-21.55%	-5.04%
<b>Structured Value</b>												
LSV	58,044,982	4.8%	4.5%	7.45%	54,142,627	4.6%	4.5%	3.33%	11.03%	-2.05%	9.06%	3.95%
Russell 1000 Value				6.12%				2.06%	8.31%	-1.02%	-2.19%	-0.17%
<b>Enhanced Russell 1000 Index</b>												
LA Capital	55,375,022	4.5%	4.5%	5.64%	52,397,265	4.5%	4.5%	2.87%	8.68%	1.08%	N/A	N/A
Russell 1000				5.86%				3.00%	9.04%	0.96%	N/A	N/A
<b>Enhanced S&amp;P 500 Index</b>												
Northern Trust	52,096,000	4.3%	4.5%	5.63%	49,310,551	4.2%	4.5%	2.50%	8.26%	0.28%	N/A	N/A
Strong	53,551,567	4.4%	4.5%	5.80%	50,694,242	4.3%	4.5%	2.89%	8.86%	3.30%	N/A	N/A
Westridge	56,896,221	4.7%	4.5%	5.69%	53,820,227	4.6%	4.5%	2.65%	8.49%	0.56%	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>162,543,787</b>	<b>13.3%</b>	<b>13.5%</b>	<b>5.71%</b>	<b>153,825,020</b>	<b>13.1%</b>	<b>13.5%</b>	<b>2.68%</b>	<b>8.54%</b>	<b>1.35%</b>	<b>N/A</b>	<b>N/A</b>
S&P 500				5.66%				2.64%	8.45%	0.24%	N/A	N/A
<b>S&amp;P 500 Index</b>												
State Street	36,920,291	3.0%	3.0%	5.65%	34,944,955	3.0%	3.0%	2.64%	8.44%	0.31%	-11.14%	-1.58%
S&P 500				5.66%				2.64%	8.45%	0.24%	-11.20%	-1.61%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>367,434,286</b>	<b>30.1%</b>	<b>30.0%</b>	<b>5.88%</b>	<b>347,148,586</b>	<b>29.7%</b>	<b>30.0%</b>	<b>3.02%</b>	<b>9.08%</b>	<b>0.49%</b>	<b>-9.68%</b>	<b>-2.32%</b>
S&P 500				5.66%				2.64%	8.45%	0.24%	-11.20%	-1.61%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<b>Manager-of-Managers</b>												
SEI	133,617,188	11.0%	10.0%	8.81%	122,768,785	10.5%	10.0%	9.68%	19.34%	0.68%	N/A	N/A
Russell 2000 + 200bp				8.56%				9.60%	18.99%	0.37%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>133,617,188</b>	<b>11.0%</b>	<b>10.0%</b>	<b>8.81%</b>	<b>122,768,785</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.68%</b>	<b>19.34%</b>	<b>0.68%</b>	<b>-3.37%</b>	<b>-0.65%</b>
Russell 2000				8.40%				9.07%	18.23%	-1.64%	-3.30%	0.97%
<b>INTERNATIONAL EQUITY</b>												
<b>Large Cap - Core</b>												
State Street	26,827,200	2.2%	2.0%	6.10%	25,214,812	2.2%	2.0%	6.08%	12.55%	-9.96%	-13.28%	-4.72%
MSCI EAFE - 50% Hedged				5.70%				6.58%	12.65%	-11.24%	-14.65%	-4.18%
<b>Large Cap - Active</b>												
Capital Guardian	65,684,263	5.4%	5.0%	6.64%	61,325,566	5.2%	5.0%	7.45%	14.58%	-11.30%	-14.96%	0.47%
Bank of Ireland	12,217,760	1.0%	1.0%	4.34%	11,668,820	1.0%	1.0%	2.64%	7.10%	-10.28%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>77,902,023</b>	<b>6.4%</b>	<b>6.0%</b>	<b>6.27%</b>	<b>72,994,387</b>	<b>6.2%</b>	<b>6.0%</b>	<b>6.65%</b>	<b>13.34%</b>	<b>-11.12%</b>	<b>-14.58%</b>	<b>0.74%</b>
MSCI EAFE - 50% Hedged				5.70%				6.58%	12.65%	-11.24%	-14.65%	-4.18%
<b>Small Cap - Active</b>												
Lazard	12,751,240	1.0%	1.0%	5.04%	13,370,769	1.1%	1.0%	10.66%	16.23%	-2.32%	N/A	N/A
Wellington	14,902,900	1.2%	1.0%	5.93%	14,027,503	1.2%	1.0%	17.22%	24.17%	5.97%	N/A	N/A
<b>Total Small Cap - Active</b>	<b>27,654,140</b>	<b>2.3%</b>	<b>2.0%</b>	<b>5.49%</b>	<b>27,398,271</b>	<b>2.3%</b>	<b>2.0%</b>	<b>13.94%</b>	<b>20.20%</b>	<b>1.75%</b>	<b>N/A</b>	<b>N/A</b>
Citigroup Broad Market Index < \$2BN				6.90%				15.95%	23.96%	3.91%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>132,383,363</b>	<b>10.9%</b>	<b>10.0%</b>	<b>6.07%</b>	<b>125,607,470</b>	<b>10.7%</b>	<b>10.0%</b>	<b>8.04%</b>	<b>14.59%</b>	<b>-8.22%</b>	<b>-12.63%</b>	<b>-0.99%</b>
MSCI EAFE - 50% Hedged				5.70%				6.58%	12.65%	-11.24%	-14.65%	-4.18%
<b>EMERGING MARKETS EQUITY</b>												
Capital Guardian	71,499,703	5.9%	5.0%	7.31%	66,631,691	5.7%	5.0%	14.62%	23.00%	7.15%	-10.61%	1.62%
MSCI Emerging Markets Free				8.51%				14.23%	23.95%	6.96%	-7.07%	2.49%
<b>DOMESTIC FIXED INCOME</b>												
<b>Core Bond</b>												
Western Asset	34,277,103	2.8%	3.1%	-0.42%	34,417,610	2.9%	3.1%	-0.47%	-0.89%	13.42%	11.88%	8.58%
Lehman Aggregate				-0.93%				-0.15%	-1.08%	10.39%	10.07%	7.54%
<b>Active Duration</b>												
WestAM (Criterion)	33,671,917	2.8%	3.1%	-0.96%	34,018,566	2.9%	3.1%	-0.40%	-1.35%	9.93%	9.39%	6.85%
Lehman Aggregate				-0.93%				-0.15%	-1.08%	10.39%	10.07%	7.54%
<b>Index</b>												
Bank of ND	53,951,679	4.4%	4.9%	-1.29%	54,655,238	4.7%	4.8%	-0.73%	-2.02%	12.59%	11.06%	7.79%
Bank of ND Match Loan CD Program	13,580,684	1.1%	1.1%	0.48%	13,516,361	1.2%	1.2%	1.43%	1.91%	5.83%	5.84%	5.85%
<b>Total Index</b>	<b>67,532,363</b>	<b>5.5%</b>	<b>6.0%</b>	<b>-0.90%</b>	<b>68,171,600</b>	<b>5.8%</b>	<b>6.0%</b>	<b>-0.21%</b>	<b>-1.11%</b>	<b>10.77%</b>	<b>10.08%</b>	<b>7.44%</b>
Lehman Gov/Credit				-1.27%				-0.50%	-1.76%	13.15%	10.82%	7.83%

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	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net ROR	Net ROR	Net	Net
<b>Convertibles</b>												
<b>TCW</b>	<b>36,435,853</b>	<b>3.0%</b>	<b>3.1%</b>	<b>4.10%</b>	<b>35,017,988</b>	<b>3.0%</b>	<b>3.1%</b>	<b>1.84%</b>	<b>6.02%</b>	<b>10.37%</b>	<b>-9.08%</b>	<b>N/A</b>
<i>First Boston Convertible Index</i>				3.27%				2.67%	6.03%	15.35%	-3.81%	N/A
<b>BBB Average Quality</b>												
<b>Strong</b>	<b>34,408,854</b>	<b>2.8%</b>	<b>3.1%</b>	<b>-0.96%</b>	<b>34,720,841</b>	<b>3.0%</b>	<b>3.1%</b>	<b>0.16%</b>	<b>-0.80%</b>	<b>14.81%</b>	<b>10.35%</b>	<b>N/A</b>
<i>Lehman BBB</i>				-0.91%				0.27%	-0.64%	18.33%	9.91%	N/A
<b>Timberland</b>												
<b>Evergreen (Wachovia)</b>	<b>68,157,868</b>	<b>5.6%</b>	<b>5.6%</b>	<b>6.22%</b>	<b>64,138,631</b>	<b>5.5%</b>	<b>5.5%</b>	<b>-0.15%</b>	<b>6.06%</b>	<b>12.50%</b>	<b>N/A</b>	<b>N/A</b>
											N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>274,483,958</b>	<b>22.5%</b>	<b>24.0%</b>	<b>1.46%</b>	<b>270,485,236</b>	<b>23.1%</b>	<b>24.0%</b>	<b>0.11%</b>	<b>1.57%</b>	<b>11.62%</b>	<b>6.95%</b>	<b>6.77%</b>
<i>Lehman Aggregate</i>				-0.93%				-0.15%	-1.08%	10.39%	10.07%	7.54%
<b>HIGH YIELD BONDS</b>												
<b>Western Asset</b>	<b>62,669,653</b>	<b>5.1%</b>	<b>5.0%</b>	<b>1.82%</b>	<b>61,549,306</b>	<b>5.3%</b>	<b>5.0%</b>	<b>1.99%</b>	<b>3.84%</b>	<b>20.04%</b>	<b>2.51%</b>	<b>4.15%</b>
<i>Lehman High Yield Bond Index</i>				2.02%				2.77%	4.85%	22.77%	5.44%	2.66%
<b>INTERNATIONAL FIXED INCOME</b>												
<b>International Sovereign</b>												
<b>UBS Global (Brinson)</b>	<b>26,967,478</b>	<b>2.2%</b>	<b>2.5%</b>	<b>-0.25%</b>	<b>27,027,414</b>	<b>2.3%</b>	<b>2.5%</b>	<b>3.18%</b>	<b>2.92%</b>	<b>18.20%</b>	<b>8.47%</b>	<b>5.93%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-0.23%				2.75%	2.51%	17.91%	8.10%	6.29%
<b>International Core</b>												
<b>Brandywine</b>	<b>26,392,623</b>	<b>2.2%</b>	<b>2.5%</b>	<b>-0.26%</b>	<b>26,451,362</b>	<b>2.3%</b>	<b>2.5%</b>	<b>1.51%</b>	<b>1.24%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Global Aggregate (ex-US)</i>				-0.28%				2.76%	2.47%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>53,360,101</b>	<b>4.4%</b>	<b>5.0%</b>	<b>-0.25%</b>	<b>53,478,776</b>	<b>4.6%</b>	<b>5.0%</b>	<b>2.34%</b>	<b>2.08%</b>	<b>17.83%</b>	<b>8.36%</b>	<b>5.86%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-0.23%				2.75%	2.51%	17.91%	8.10%	6.29%
<b>REAL ESTATE</b>												
<b>JMB</b>	26,405			0.00%	26,405			-8.75%	-8.75%	-18.62%	-5.76%	0.42%
<b>INVESCO</b>	32,606,733			0.67%	25,898,627			0.37%	1.04%	8.15%	8.00%	7.69%
<b>J.P. Morgan</b>	31,915,709			1.05%	31,584,102			2.43%	3.50%	7.80%	7.36%	10.23%
<b>TOTAL REAL ESTATE</b>	<b>64,548,847</b>	<b>5.3%</b>	<b>5.0%</b>	<b>0.86%</b>	<b>57,509,135</b>	<b>4.9%</b>	<b>5.0%</b>	<b>1.36%</b>	<b>2.23%</b>	<b>7.97%</b>	<b>7.69%</b>	<b>9.00%</b>
<i>NCREIF TOTAL INDEX</i>				0.65%				1.97%	2.64%	7.64%	8.51%	10.16%
<b>ALTERNATIVE INVESTMENTS</b>												
<b>Brinson IVCF II</b>	274,211			0.00%	275,245			-0.23%	-0.23%	-7.44%	-23.62%	10.02%
<b>Coral Partners II</b>	167,358			0.00%	167,358			9.73%	9.73%	10.56%	-36.34%	-15.79%
<b>Coral Partners V</b>	10,098,249			0.00%	10,093,446			-6.88%	-6.88%	-22.52%	-20.83%	-9.87%
<b>Coral Partners V - Supplemental</b>	525,337			0.00%	525,087			-15.67%	-15.67%	-28.36%	N/A	N/A
<b>Coral Partners VI</b>	1,643,717			0.00%	1,642,935			-12.18%	-12.18%	N/A	N/A	N/A
<b>Brinson 1998 Partnership Fund</b>	1,712,686			0.00%	1,842,152			4.07%	4.07%	-14.73%	-11.35%	1.31%
<b>Brinson 1999 Partnership Fund</b>	2,276,920			0.00%	2,275,838			0.98%	0.98%	-16.31%	-14.42%	N/A
<b>Brinson 2000 Partnership Fund</b>	3,973,911			0.00%	3,659,166			0.67%	0.67%	-13.99%	-9.08%	N/A
<b>Brinson 2001 Partnership Fund</b>	1,259,971			0.00%	1,259,372			0.43%	0.43%	-5.98%	N/A	N/A
<b>Brinson 2002 Partnership Fund</b>	852,597			0.00%	852,192			12.21%	12.21%	9.08%	N/A	N/A
<b>Brinson 2003 Partnership Fund</b>	82,537			0.00%	82,498			-3.58%	-3.58%	N/A	N/A	N/A
<b>Brinson 1999 Non-US Partnership Fund</b>	1,246,782			0.00%	1,246,189			6.32%	6.32%	13.12%	2.21%	N/A
<b>Brinson 2000 Non-US Partnership Fund</b>	1,534,152			0.00%	1,533,423			2.82%	2.82%	9.50%	-1.63%	N/A
<b>Brinson 2001 Non-US Partnership Fund</b>	837,806			0.00%	837,408			7.50%	7.50%	-0.41%	N/A	N/A
<b>Brinson 2002 Non-US Partnership Fund</b>	1,159,177			0.00%	1,158,626			3.71%	3.71%	5.34%	N/A	N/A
<b>Brinson 2003 Non-US Partnership Fund</b>	75,397			0.00%	75,361			-0.05%	-0.05%	N/A	N/A	N/A
<b>Brinson BVCF IV</b>	6,085,116			0.00%	6,082,204			-1.02%	-1.02%	-14.64%	-18.80%	N/A
<b>Matlin Patterson Global Opportunities</b>	12,992,341			0.00%	12,364,863			0.00%	0.00%	N/A	N/A	N/A
<b>InvestAmerica</b>	1,738,611			0.00%	1,737,784			0.00%	0.00%	-12.50%	N/A	N/A
<b>Hearthstone MSII</b>	2,710,950			0.00%	2,348,807			5.06%	5.06%	28.98%	13.57%	N/A
<b>Hearthstone MSIII</b>	2,162,934			0.00%	293,462			N/A	N/A	N/A	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (2)</b>	<b>53,410,760</b>	<b>4.4%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>50,353,415</b>	<b>4.3%</b>	<b>5.0%</b>	<b>-0.91%</b>	<b>-0.91%</b>	<b>-9.65%</b>	<b>-13.02%</b>	<b>0.04%</b>
<b>CASH EQUIVALENTS</b>												
<b>Northern Trust STIF/STEP</b>	<b>5,870,170</b>	<b>0.5%</b>	<b>1.0%</b>	<b>0.13%</b>	<b>14,952,391</b>	<b>1.3%</b>	<b>1.0%</b>	<b>0.35%</b>	<b>0.48%</b>	<b>1.84%</b>	<b>3.33%</b>	<b>4.22%</b>
<i>90 Day T-Bill</i>				0.08%				0.25%	0.32%	1.52%	3.33%	4.07%
<b>TOTAL FUND</b>	<b>1,219,278,028</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.20%</b>	<b>1,170,484,789</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.84%</b>	<b>8.20%</b>	<b>5.46%</b>	<b>-1.91%</b>	<b>2.68%</b>
<b>POLICY TARGET BENCHMARK</b>				3.43%				3.39%	6.94%	4.63%	-2.62%	2.52%

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.